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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: March 28, 2007

PR Firm Defends Eurofighter Spending

1. Gernot and Erika Rumpold, owners of the public relations firm which has been in charge of promoting the Eurofighter, told the parliamentary committee looking into the interceptor purchase deal that it was "not uncommon" for a press conference to cost 96,000 Euros, which the committee has called "outrageous." Besides the press conference, Rumpold said she spent 200,000 Euros to open an office, 120,000 Euros to speak to provincial governors, 320,000 Euros to promote the plane around the time of the Formula 1 Grand Prix in Spielberg in 2002 and 340,000 Euros for a security conference with special speakers and a panel discussion. Like all Austrian media reporting on the Eurofighter investigative committee's work, independent provincial daily Salzburger Nachrichten writes that Erika Rumpold "claimed extensive memory gaps" during her second interview by the committee on Tuesday. In addition, she denied all allegations she had made out fake invoices, and rejected suspicions of illegal cash flows to the FP0e and the BZ0e.

Government to Pass Double Budget

2. At the Council of Ministers today, the SP0e-OeVP coalition will pass the double budget for 2007/2008. Details of the budget package such as the distribution of funds among the ministries, as well as the projected budget deficit, will not be disclosed until Finance Minister Wilhelm Molterer holds his budget address in Parliament tomorrow. Semi-official daily Wiener Zeitung writes that ahead of the publication of the official figures, opposition Greens leader Alexander Van der Bellen has stated his concern that Finance Minister Wilhelm Molterer is going to present a "retro-budget." On Tuesday, Van der Bellen criticized the SP0e-OeVP coalition of "continuing the course of the OeVP-FP0e-BZ0e government." The Greens leader also emphasized he wants more money to be allocated for climate protection and education issues.

Schwarzenberg Backs US Missile Defense System

3. On the occasion of his visit to Vienna earlier this week, Czech Foreign Minister Karl Schwarzenberg defended the planned US missile defense system, which is to be set up partly on Czech territory. In a front-page report, liberal daily Der Standard on March 27 reports that Schwarzenberg told his Austrian counterpart Ursula Plassnik that he does not believe the US plans for a European missile defense shield will create a rift within the European Union.

The system was a "preventive measure, which will cover large parts of Europe." Defending the US project, Schwarzenberg suggested that "Europeans tend to forget sometimes that the US is a member of NATO." The Czech Foreign Minister, who was in Vienna for his first bilateral meeting with Plassnik, had earlier criticized his colleague on the issue, stressing that neutral countries like Austria certainly had the right to voice their criticism at any time, but they were "naturally not part of internal NATO discussions," the Standard notes. Similarly, centrist daily Die Presse reports on Tuesday that for security reasons Prague is open to US suggestions to put up radar systems on Czech territory. "Only the US could give security-relevant guarantees these days," Schwarzenberg argues, and goes on to underscore how significant a deepening of the transatlantic relations is for Prague. In an interview published by liberal daily Der Standard today, Schwarzenberg reiterated his stance on missile defense: "I am convinced missile defense will contribute to US and European security. We can only guess when certain countries will be in a position to build long-range missiles, and we should be prepared." Russia's opposition to the US defense plans was "probably an attempt by Vladimir Putin to test how far solidarity between Europe and the US really goes," Schwarzenberg suggests. Also, Moscow appears to assume that it still has a right to raise objections where former Eastern Block states are concerned," the Foreign Minister explains.

The Treadmill of Mideast Diplomacy

14. ... headlines an Austrian daily, reporting on "sudden hectic diplomatic activity on the part of the US aimed at solving the Middle East conflict." A peace plan presented by the Arab League, which has the backing of the Palestinians, could pave the way towards reaching that goal. At this point, however, it "remains to be seen whether these latest efforts will lead to a breakthrough or

end in disappointment."

Centrist daily Die Presse in a front-page feature article reports on "renewed US efforts in the Middle East: Secretary of State Rice has asked Israel's Prime Minister and the Palestinian President to commit themselves to regular meetings. "After years of a deadly standstill, a new dynamic of peace can be felt in the region," the Presse says. Ehud Olmert and Mahmoud Abbas are to meet every other week, in order to establish a basis of trust. This arrangement is the "first tangible result of the shuttle diplomacy Rice has started," and could give new impetus to an Arab League initiative of 2002, which proposes that Arab nations recognize Israel if Israel withdraws from land occupied in the 1967 war. However, there are still many obstacles in the way of lasting Middle East peace, including Hamas' position in the Palestinian government; the right of Palestinian refugees to return; the weakness of the Olmert government in Israel; the West Bank settlements; Israeli and Palestinian claims to Jerusalem; Syria's claim to the Golan Heights; and the Lebanese Hezbollah, the Presse notes.

Senate Votes for Iraq Deadline

15. The US Senate has endorsed a March 2008 target date for withdrawing American troops from Iraq. It has also narrowly rejected an attempt to remove the date from a bill providing funding for the wars in Iraq and Afghanistan. Austrian media comment that this is another setback for President Bush, who has vowed to veto bills containing a timetable for a pullout.

ORF radio early morning news Morgenjournal quotes Senator Chuck Hagel, one of the two Senate Republicans backing the deadline for a US troop withdrawal from Iraq, as asking, if the US is "making real progress in Iraq, why are we putting more and more American combat troops into Iraq, at the same time that our allies are leaving, or have already left? The President's strategy is taking America deeper and deeper into this quagmire with no exit strategy." Another Republican Senator Lindsay Graham, however, argued against the deadline, stressing that "whatever mistakes the Bush team has made, and there are many, Congress is about to make the greatest mistake of all. And that is to tell the enemy what they have to do to get us out of Iraq on their terms, not ours," ORF radio quotes. ORF online news, also reporting on the issue, suggests the Senate vote is a "symbolic victory for the Democrats."

Blair Urging Sailors' Release

16. Britain's Prime Minister Tony Blair has warned Iran of what he described as a "different phase" if Tehran does not free fifteen British military personnel detained in the Gulf last week. It is believed the British government plans to release photographic evidence that the sailors were not in Iranian waters.
Kilner